

# City of Stamford



November 18, 2014

Michael Handler – Director of Administration

[mhandler@stamfordct.gov](mailto:mhandler@stamfordct.gov)

(203) 977-4182

# City of Stamford – Budgets and Taxes

<u>Fiscal Year</u>	<u>Expense Budget</u>	<u>Gross Tax Levy Increase</u>	<u>Average Mill Rate Increase</u>
2010/2011	2.19%	1.97%	1.97%
2011/2012	3.73%	1.71%	1.91%
2012/2013	2.90%	3.56%	2.43%
2013/2014	2.77%	3.41%	<b>33.36%</b>
2014/2015	2.99%	3.73%	2.91%
	<b>Average = 2.92%</b>	<b>Average = 2.876%</b>	
*Gross Tax Levy is the total amount of revenue that the City collects from property taxes			

# Revaluation- Title 12 C.G.S

The Purpose of a Revaluation is to correct the assessment inequities which evolve naturally over time due to ever changing markets.

Facts:

- Properties valued at 70% of their fair market value
- Penalty for not completing revaluation is loss of State Grants ~\$800,000/yr.
- **October 1** – Date established by State law to value property “as it exists”

Vision Government Solutions – Generally accepted mass appraisal methods”

Comparing recent sales of similar properties

Income and Expense Info

Land Valuation by location

Determining replacement cost

Feedback from informal hearings

# 2012 Revaluation

- Stamford's Grand List declined by \$5.5 billion or 22.4%
- Total Parcels: 38,000
- Total Residential Parcels: 34,300
  - Increase assessment – 354 (1.03%)
  - Decrease assessment – 33,946 (98.98%)
  - Higher Taxes than FY11 – 48%
  - Lower Taxes than FY11 – 52%
- Double-digit Tax Increases
  - 4,945 Residential (14%)
  - 1,133 Commercial
- Average Residential Property Valuation Decline – 24%

# Commercial/Industrial Valuations

**Cost Approach:** Appraiser values the land first based on comparable land sales. The appraiser will then estimate the cost to construct the buildings new and deduct for physical depreciation. The land value is added to the depreciated building value to estimate the total market value.

**Sales Approach:** This methodology compares recently sold properties which are similar to the subject and adjusts for differences in order to determine an estimate of fair market value based on current market sales.

**Income Approach:** The Income Approach derives to an estimate of value by capitalizing the annual income stream of the property based on current market rents, vacancy rates and expenses attributed to the various property types; such as, Class A Office Building, Class B Office Building, Retail, Strip Mall, Store Box, Warehouse, Apartments, Nursing Homes, Mixed Use. Income and Expense statements are provided by the property owners which are analyzed by the appraisal staff to understand the fluctuations of market conditions throughout the City by type and location.

## **Reconciliation:**

All three approaches are utilized in order to determine the final valuation of all income producing properties.

Below are a few market sales that were used in the valuation process:

81/131 Summer Street: sold for \$40,000,000 1/3/2012. FMV = \$40,573,490

1100 Summer Street: sold for \$8,000,000 8/2/2012. FMV = \$8,027,070

205 Greenwich Avenue: sold for \$1,125,000 5/7/2012. FMV = \$1,078,750

# Independent Review of 2012 Revaluation

J.F. Ryan hired by the Board of Finance to conduct a review of the 2012 revaluation

<u>Property Type</u>	<u>Parcels</u>	<u>%</u>	<u>Parcels to Review</u>
Single Family	22,000	57%	113
<b>Condominium</b>	<b>11,000</b>	<b>28%</b>	<b>57</b>
Multi-Family	2,900	8%	16
Commercial/Industrial	2,800	7%	14
Totals	38,700	100%	200

Condominiums by Complex

Randomly select 57 complexes to review 1 unit per complex

# Independent Review of 2012 Revaluation

- “Residential property data at this time appears sufficiently accurate to generate assessments overall that reflect market value. For condominium properties there is significant additional information that could be collected and recorded, particularly sketch information that may improve the confidence in the value estimates. For commercial properties, while the values are primarily based on the income approach to value, significant improvement appears possible with more complete and accurate attention to sketch detail and building area classification.” J.F. Ryan Executive Summary to Review of City of Stamford’s Property Revaluation Results, October 23, 2014
- “Mr. Freedman stated that the results of J.F. Ryan review indicated that the revaluation of October 2012 was performed properly and with integrity” - Board of Finance Meeting Minutes, November 13, 2014

			2012	2012				2012	2007	2007				2011		
			Median	Median	2012	2012	2012	Median	Median	Median	2007	2007	2011	Median	Old to New	Tax
<u>Condominium</u>	<u>Location</u>	<u>Units</u>	<u>Sales Price</u>	<u>Market Value</u>	<u>Sales</u>	<u>Sales Ratio</u>	<u>Mill Rate</u>	<u>Tax</u>	<u>Sales Price</u>	<u>Market Value</u>	<u>Sales</u>	<u>Sales Ratio</u>	<u>Mill Rate</u>	<u>Tax</u>	<u>Ratio</u>	<u>Impact</u>
Riverturn	180 Turn of River Road	70	\$ 532,500	\$ 522,825	6	0.98	0.02310	\$ 8,454	\$ 651,250	\$ 598,795	8	92%	0.01708	\$ 7,159	-13%	18%
Stonebrook	95 Intervale Road	55	\$ 595,000	\$ 548,890	3	0.92	0.02310	\$ 8,876	\$ 735,000	\$ 700,560	4	95%	0.01708	\$ 8,376	-22%	6%
Sterling Lake	181 Turn of River Road	13	\$ 1,045,000	\$ 957,135	2	0.92	0.02310	\$ 15,477	\$ 1,408,000	\$ 1,340,650	1	95%	0.01708	\$ 16,029	-29%	-3%
Pepperwoods	154 Pepper Ridge Road	14	\$ 791,000	\$ 811,520	3	1.03	0.02310	\$ 13,122	\$ 982,500	\$ 949,980	1	97%	0.01708	\$ 11,358	-15%	16%
Hayes House	44 Strawberry Hill Ave	160	\$ 165,000	\$ 155,580	6	0.94	0.02404	\$ 2,618	\$ 330,000	\$ 327,335	12	99%	0.01789	\$ 4,099	-52%	-36%
* Note: Median Market Value x 70% Asmt Ratio x Mill Rate = Median Tax																



# Riverturn Condominium Sales

## 10/1/2012 to 10/1/2014

									10/1/2012	
Street #	Street Name	Unit	Living Area	# Beds	Full Baths	Half Baths	Sale Date	Sale Price	Market Value	Ratio
180	Turn of River Road	3A	1945	2	2	1	7/1/2014	\$ 560,000	\$ 519,840	0.93
180	Turn of River Road	3B	1945	2	2	1	6/23/2014	\$ 546,000	\$ 525,810	0.96
180	Turn of River Road	4C	1945	2	2	1	9/3/2013	\$ 510,000	\$ 519,840	1.02
180	Turn of River Road	18c	1945	2	2	1	5/20/2014	\$ 555,000	\$ 525,810	0.95
180	Turn of River Road	9A	1945	2	2	1	8/23/2013	\$ 535,000	\$ 519,840	0.97
180	Turn of River Road	11A	1945	2	2	1	12/20/2013	\$ 525,000	\$ 525,810	1.00
180	Turn of River Road	11C	1945	2	2	1	6/17/2013	\$ 550,000	\$ 525,810	0.96
180	Turn of River Road	12B	1945	2	2	1	12/3/2013	\$ 529,000	\$ 525,810	0.99
180	Turn of River Road	3C	1945	2	2	1	2/10/2014	\$ 530,500	\$ 519,840	0.98
180	Turn of River Road	5B	1945	2	2	1	1/15/2013	\$ 530,000	\$ 519,840	0.98
									<b>Median Ratio</b>	<b>0.97</b>

# Commercial vs. Residential

		2012		2011					
<u>Real Estate</u>	<u>Parcels</u>	<u>Grand List</u>	<u>%</u>	<u>Grand List</u>	<u>%</u>				
Residential	34,394	10,735,216,992	63%	14,472,845,604	64%				
Commercial/Industrial	2,747	6,369,662,014	37%	8,133,928,441	36%				
Total	37,141	17,104,879,006	100%	22,606,774,045	100%				
** Note: Grand List totals are of real property only and do not include personal property business assets or motor vehicle accounts									
Residential properties now have a smaller stake in the real estate portion of the Grand List; 63% versus 64%. Please note that the number of commercial and industrial properties (2,747) represents only 7.4% of the total number of taxable parcels in Stamford and yet pays 37% of the real estate tax burden.									

# July 26, 2013 Memorandum Regarding 2012 Revaluation

1. CGS Section 12-119 – Property owners can make an application requesting relief of his assessment directly to Superior Court within one year from the date of which the property was last evaluated. This bypasses the Board of Assessment Appeals; however, the standard for relief is that the property owner must demonstrate that the “assessment was manifestly excessive and could not have been arrived at except by disregarding the provisions of the statutes for determining the valuation of such property.”
2. Appeal in 2014 to Board of Assessment Appeals. Not retroactive.
3. CGS Section 12-124 – Provides some authority to the Mayor to abate taxes though such authority is limited. The mayor “may abate taxes, or the interest on delinquent taxes, or both...upon such persons as are poor and unable to pay the same...” The section does not however define “poor.”
4. CGS Section 12-124a – provides a mechanism for the Board of Representatives to abate taxes if such taxes exceed 8% of the total income from any source for the calendar year preceding the tax year for which taxes are due.
5. CGS Section 12-62(b)(1) – Revaluation required every 5 years. City can complete another revaluation next year. Costs another \$1mm.

# Senior Citizen Pilot Tax Abatement Program

Proposed City Ordinance for a temporary pilot program to expire December 31, 2015

- Timetable:
  - November 13, 2014 – Board of Finance approved amended ordinance by vote of 6-0
  - November 24, 2014 – Board of Representatives Legislative & Rules Committee will hold a public hearing (7 pm) and report to the full BOR
  - December 1, 2014 – Full Board of Representatives
  - Mayor has 10 days to sign from day he receives the Ordinance from the Board of Representatives
  - Ordinance takes effect 10 days after Mayor signs